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C-67 WORLD COTTON PROSPECTS February 26, 1931

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SUMMARY

The continuation of the upward movement in cotton prices which began in December has created more confidence in the textile industry and reports from Liverpool and the Continent of Europe indicate increased buying and price fixing on the part of the spinners.

The total visible supply of all cotton on February 13, 1931 was about 1.8 million bales above the corresponding date a year ago and 2.5 million bales above 1929 whereas the visible supply of American cotton was 2.0 million bales above last year and 2.1 million bales above the corresponding date the year before.

Exports of raw cotton thus far this season continue to lose ground when compared with exports last season, total exports for this season to the end of January being about 412,000 bales below the same period last season whereas a month earlier they were only 216,000 bales below the corresponding period of 1929-30.

The textile situation as a whole is not far different from what it was a month ago. In the United States and some of the foreign countries, however, the sentiment has improved due to the advance in some of the speculative commodities. In the United States the sales of standard cotton cloth during January were encouraging because of the large increase over December and the fact that they were above January, 1930. The increase in consumption of domestic cotton in January as compared to December on the other hand was less than the average increase during previous years.

In Great Britain the outlook was somewhat improved with the ending of the lock-out of the weavers and the prospects for a settlement of the political troubles in India. On the Continent the continued unsatisfactory business in yarns and fabrics resulted in further restriction in activity and output in both spinning and weaving mills in January, but the latest reports indicate that the continued rise in the prices of raw cotton has caused increased buying and price fixing by the spinners and that the feeling in the industry as a whole is considerably better. In China both the Japanese and the Chinese mills continue to operate at full capacity. The Chinese mills, however, report slow yarn business and some accumulation of stocks while the Japanese mills continue to be sold out well forward. Although new business at present is very quiet it is expected that an improvement in business will take place at the beginning of the Chinese new year, February 17. The mills in Japan are still operating under the restriction of output agreement. Yarn production and exports of cloth decreased during January, but stocks of yarn are low and prices have strengthened. Conditions in the textile situation in general are more favorable for the consumption of American cotton.

From the latest production and ginning reports it would seem that the early estimates for the 1930 crop in some of the important foreign countries were slightly too high.

Prices

Spots

The advance in cotton prices which was under way a month ago still continues. From January 16 to February 13 the advance in the Liverpool spot market for all imported growths ranged from 0.85 to 2.33 cents per pound. The advances during this period in cents per pound for the various growths were as follows: Egyptian Sakellaridis,2.33; Egyptian Uppers, 1.32; Indian Sind, 1.05; Peruvian Tanguis, 0.99; Brazilian, Ceara and Sao Paulo, and American middling, 0.89; and Indian Oomra No. 1, 0.85. From this it would seem that the price of American relative to foreign growths is more favorable than a month ago for the consumption of American cotton.

American middling spot cotton in the ten designated markets advanced from 9.29 cents per pound to 10.14 cents or 0.85 cents from January 16 to February 13, which was about the same as the advance in the Liverpool market.

The average price in these markets for the month of January was 9.37 cents compared with 9.16 cents for December and 16.56 cents during January, 1930. The average price received by producers in the United States on January 15 was 8.6 cents per pound compared with 8.7 cents in December and 15.8 cents per pound on the 15th of January, 1930.

Relative price of American and competitive cotton 1/

Prior to the advance of prices of American cotton in the last half of January, both Indian and Egyptian Uppers had been showing a tendency to become higher priced in comparison with American; indexes based on quotations for the last Friday before the middle of the month at Bremen show that Indian average of Sind, Oomra, Broach, and Punjab rose from 76 per cent of American cotton in December to 81 in January, the highest January figure since 1928 and the highest relationship of Indian to American since June 1928. If this relationship continues for any length of time, it should have some influence on the relative amounts of Indian and American cotton consumed in 1931, judging from the relationship between relative prices and the tendency of consumption in recent years.

This relationship, however, appears to have become less favorable for American in the last half of January as result of the upward turn taken by American quotations, and it is of interest to note that spinner buying of Indian was immediately reported improved. This development might indicate that the present outlook favors a narrow spread between Indian and American staples. It is pointed out by trade observers that the prospects for some improvement of the political situation in India as a result of the Round Table Conference in London foreshadow, a relaxation of the boycott movement against British cotton goods and a general strengthening of confidence in the business outlook in India. Such a development, of course, could hardly occur without a favorable effect upon the cotton industry nearly everywhere. The rising tendency of prices of Indian cotton in relation to American in December and early in January appears to have been based partially upon this interpretation of Indian developments at a time when the American market was weak. The decrease in the visible supply of Indian cotton, however, was probably the principal factor lending strength to Indian cotton.

The relative price of Egyptian Uppers at Liverpool in comparison with American strict middling 1-1/16 inch at Bremen also increased considerably in January, to 96 as compared with 93 in December. The index figure of 93 for December, however, was the lowest in the past five years, and in only one other month in this period, namely August 1929 when it was 94, has it been lower than 96.

Futures

American futures markets rose faster than the Liverpool market from mid-December to mid-January, but in the past month the Liverpool market has made up this loss so that the gain from December 15 to February 13 has been about the same in Liverpool, New York, and New Orleans.

1/ Based on report dated February 6, 1931 from Agricultural Attache L. V. Steere at Berlin, supplemented by cable of February 16.

From January 14 to February 13 the rise in futures prices for the active months was 1.14 to 1.18 cents at Liverpool, 0.77 to 0.94 at New Orleans, and 0.75 to 0.95 at New York. July and October contracts made slightly greater advances than did March and May contracts.

Stocks and Movements

World visible supply

The total visible supply on February 13, 1931 was about 9,900,000 running bales compared with 8,080,000 and 7,444,000 at the corresponding dates in 1930 and 1929, according to the Commercial and Financial Chronicle. Of this total on January 13 this year 7,420,000 bales were American and 2,481,000 were foreign whereas last year 5,372,000 were American and 2,708,000 were foreign, and at this time in 1929, 5,276,000 bales were American and 2,168,000 bales were foreign. Stocks of American cotton in Liverpool and Manchester at this time were about 87,000 bales above last year, but about 193,000 below 1929. Continental stocks of American cotton were about 90,000 bales above 1930 and 10,000 bales below 1929. American afloat for Europe on February 13, 1931 amounting to 200,000 bales was 162,000 bales below a year earlier. The greatest increase in the visible supply of American continues to be in the United States. Port stocks at this time are about 1,758,000 bales above last year.

The smaller visible supply of foreign cotton was due largely to the decrease in stocks of Indian cotton at Bombay. The stocks of Egyptian in Alexandria continue well above last year.

Exports of domestic cotton

Exports of raw cotton from the United States in January amounted to about 533,000 running bales, or about 196,000 bales below January, 1930, according to the Bureau of the Census. Exports to Japan were above last year. Exports for the season to the end of January totaled 4,479,000 bales or about 412,000 bales below last season. France was the only important country for which exports from the United States for the first half of the season were above the corresponding period in the 1929-30 season.

Exports of foreign cotton

Exports of raw cotton from India from August 1 to February 12 this season were 1,759,000 bales according to the Commercial and Financial Chronicle. This was 159,000 bales above last season. The increase over last year was due to larger exports to Great Britain and to Japan and China. Exports to the Continent were about 128,000 bales less than last year.

Exports from Alexandria for this season to February 11 total 491,000 bales compared with 567,000 and 639,000 bales in the corresponding periods of the 1929-30 and 1928-29 seasons. Exports to the Continent and India so far this season have been above those last season and the season before.

Into sight, port receipts, mill takings, etc., of American cotton

Domestic cotton moving into sight in January amounted to about 729,000 bales according to a report from the New Orleans Cotton Exchange. This was 111,000 bales below January, 1930 and was the lowest for the month of January since the War. The total movement into sight the first six months this season amounted to 12,049,000 bales compared with 13,065,000 bales last season. This smaller into sight movement is no doubt due partly to the tendency of the owners of cotton to hold for better prices and partly to the smaller crop. Port receipts and stocks at ports and interior towns in the United States continue above last year while cotton moving overland to mills in the United States and Canada during January were the lowest for the month since the War.

Stocks in consuming establishments, etc.

Total cotton on hand on January 31 in consuming establishments this year was 1,613,000 bales or 212,000 bales above a year earlier. Stocks of foreign cotton in these establishments were slightly below last year. Raw cotton in public storage and at compresses in the United States on January 31 which amounted to 7,939,000 bales was an increase of 2,535,000 bales over last year. This increase in the total stocks was likewise due to the increase in domestic cotton, as stocks of foreign cotton make up a very small portion of the total and were below a year ago.

Continental spinner takings

Continental spinner takings of American cotton during the four weeks ended January 23 amounted to only 274,000 bales as against 406,000 in the same period last year and 454,000 two years ago, according to Agricultural Attache Steere. An increase in takings has been expected, and reports for the last week of January indicate that this has actually taken place, but it still remains to be seen whether the improvement will continue long enough to make for any substantial rise over the period of a month. The usual seasonal tendency for takings is slightly downward in this part of the season.

Textile Situation

United States

The increase of mill consumption during January which amounted to about 48,000 bales was less than the average increase for the ten years 1920-21 to 1929-30. The January consumption was 102,000 bales above last August whereas during the past ten years January has averaged 125,000 bales above August. The monthly rate of consumption for the six months ended January 31 was 411,000 bales compared with 552,000 bales during the same period a year earlier.

The domestic consumption of raw cotton during January amounted to 454,000 running bales compared with 406,000 bales during December, 576,000 bales during January, 1930 and 352,000 during August, 1930, according to the Bureau of the Census. This increase in January over December of 48,000 bales compares with an average increase during the past ten years of 65,000 bales. The daily rate of consumption for January was approximately 2,400 bales above the December level and 4,300 bales above the low average during August. The total consumption during the first six months this season was about 2,466,000 bales compared with 3,314,000 bales during the same period last season.

The weekly average of production, sales and shipments of standard cotton cloth during January showed substantial increases over December which resulted in the decrease of 2.3 per cent in stocks on hand and an increase of 9.9 per cent in unfilled orders during the month of January. The weekly average of production during January was 50.5 million yards compared with 46.8 million yards during December or an increase of 3.7 million yards whereas during the three years 1927-28 to 1929-30 the increase has averaged only 0.8 million yards. Shipments during January also increased more than the average increase during the past three years, the weekly average amounting to 52.6 million yards compared with 45.4 million yards during December. This was an increase of 7.2 million yards whereas the three year average increase amounted to 4.6 million yards. The ratio of shipments to production in January was 104.2 per cent whereas in December it was 97.0 per cent and during January 1928, 1929, and 1930 averaged 97.6 per cent. Sales of cotton cloth during January as compared with December showed a very substantial increase and were slightly above January last year. It should be remembered, however, that the sales during December were unusually low. The weekly average in January amounted to 59.8 million yards, 23.3 million yards above December, 14.0 million yards above November, and 1.4 million yards above January 1930. The ratio of sales to production during January was 118.3 per cent compared with 78.0 per cent during December and a 3-year average of 82.7 per cent.

Great Britain

The textile situation in Great Britain has improved some with the ending of the lock-out on February 14. The lock-out which took place during the week of January 19 and involved some 180,000 to 250,000 weavers was brought to an end by the manufacturers, and operatives began work Monday, February 16 at the same terms as existed before the lock-out. The trouble started when the weavers refused to accept the manufacturers plan for operating more looms per weaver. The plan called for the operation of about eight looms per weaver, whereas at present the usual number is about four looms per weaver. According to the new plan the operatives would have received higher wages per person, but the objection was made to a reduction in the number of weavers employed.

Exports of cotton piece goods in Great Britain in January amounted to 155.6 million yards, an increase of 25.4 million yards over December and compares with an average increase for the ten years 1920-21 to 1929-30 of 30.5 million yards. Total exports for the six months ended January amounted to 877.1 million yards compared with 1,695.4 million yards during the same period a year ago and 1,974.8 million yards during this period in 1928-29. This is a decrease of 48.3 per cent from 1929-30 and 55.6 per cent from 1928-29.

Exports of cotton yarn in January amounting to 11.3 million pounds was 0.3 million pounds below December, 1.9 million pounds below January 1930 and 2.6 million pounds below the 10-year average for January. During the past ten years January has averaged about 0.4 million pounds above December. Exports for the first six months this season totaled 64.9 million pounds compared with 79.2 million pounds in the same period last season or a decrease of 18.1 per cent.

The low exports of piece goods reflect mostly the falling off in trade with the Orient, due to the Indian boycott and the decline in silver, although the exports to other countries are also low because of depressions. The low exports of cotton yarn reflect the textile conditions in Continental Europe mostly.

Continental Europe 1/

The slight rise in raw cotton prices during January was not reflected on the Continent in any improvement in sales or in general conditions in the industry, but the continued rise has quickened buying and price fixing. The position of the cotton textile industry continues very unsatisfactory practically everywhere on the Continent. The generally firmer tendency of raw material prices, however, appears to have brought a slightly better sentiment as to the future outlook.

New business in cotton yarn and fabrics continued the object of much complaint throughout January in all the leading continental cotton textile countries, including France. Only the Spanish and the small but well protected Hungarian and Yugoslavian centers continued to enjoy anything like favorable conditions. Business elsewhere left much to be desired, with new bookings consisting only of small purchases for early delivery. The net result was a further decline in the volume of unfilled orders on hand in most countries, but notably in Central Europe. The idleness of 700,000 looms in the Lancashire district, as a result of labor troubles, was expected to lead to some pick-up in orders for cloth mills on the Continent, especially in Germany, but so far this development has not appeared, apparently because of the large stocks of cloth held in Lancashire. New business being booked by both spinners and weavers in France appears to continue a little better than in the other important countries on the Continent, but, nevertheless, has been very quiet. The cloth mills have done a little more business at the close of the month.

1/ Based on report dated February 6, 1931 from Agricultural Attache L. V. Steere at Berlin, supplemented by cable February 16.

Continued unsatisfactory business in yarn and fabrics resulted in some further restriction in activity and output in both spinning and weaving mills during January for the Continent taken as a whole. Figures recently available indicate that the general level of mill operations in Central Europe rose slightly in December in comparison with November, chiefly for seasonal reasons, but subsequent changes have unquestionably brought curtailment. Present levels of activity in Western and Southern, as well as Central Europe, are much below what can be regarded as normal operating activity for the years since the industry has regained more stable conditions following the war and inflation. Production is clearly below the rate of consumption of cotton textile goods.

January purchases of raw cotton by spinners were generally limited for the month as a whole, though some activity developed during the first part of the month, following the period of holiday inactivity. January price fixing was also limited and c.i.f. merchants' import purchases were generally confined to occasional bargain sales. End of the month reports, however, indicated increased interest for both Indian and Egyptian cotton, and bargain lots of South American growths were also readily taken by continental spinners. Contrary to the usual tendency of buying interest to revive when raw material prices show strength, the slight but general rise in raw material quotations during January did not bring out any noticeable buying activity in the past month, though it appears to have created generally better feeling in the trade and the textile industry. Extreme caution in buying has become so ingrained and universal since 1929 that more evidence of market strength appears necessary to uncover real demand. Later reports indicate that the sustained rise in price is now resulting in increased buying and price fixing by continental spinners.

Germany

The German cotton textile situation remained extremely unsatisfactory well into January, with general complaint from spinners and weavers, both as to volume of new business being booked and as to prices obtained. Some seasonal improvement in cloth sales is now evident but the extent and duration of the improvement cannot be foretold. For some time there have been complaints that further restrictions in activity are unavoidable unless early improvement in the flow of new business materializes.

Spinner reports for December and January indicate that sales effected were generally of small volume and mostly for immediate delivery, with practically nothing being sold for more than a couple of weeks ahead. Unfilled orders on the books of the spinning mills appear to have undergone further reduction, with the competitive situation indicated as so keen that prices must be considered unsatisfactory notwithstanding the low level of raw material prices. German spinning mill activity increased somewhat from November to December for seasonal reasons, but January is believed to have brought a decline.

As a result of the continued unsatisfactory distributor demand for cotton mill output, German spinner demand for raw cotton, particularly American, has been very irregular during January, in spite of the revival in cotton prices. A slight pick-up in spinner inquiry developed during the first part of January, both for prompt delivery and delivery in the first quarter of 1931, but following the middle of the month spinner purchases of American cotton slackened off, though Indian staples continued in some demand for prompt delivery, and lower quality Egyptian appeared to find fairly active interest. Later, spinners generally showed somewhat more interest for prompt and near deliveries of all growths, a revival chiefly attributable to the rising tendency of the raw market. At the close of the month quietness again ruled for American cotton, although the demand for Egyptian and Indian became somewhat more satisfactory, even though turnover was not of any great volume. Bremen merchant purchases for import, c.i.f., however, remained very quiet throughout the entire month and spot business also showed little activity in Bremen during January.

The steady falling off in activity and earnings in the German cotton textile industry indicated in reports in the past two years has been clearly confirmed by statistics on the dividend declarations recently issued for 87 German cotton textile concerns for the years 1927, 1928 and 1929. As the dividends were actually declared late in the following year, allowance should be made for the tendency of operations during this period, which means that the dividends declared reflect to a considerable extent conditions developing subsequent to the dividend year itself. The data for 1929, for example, appear to reflect conditions of 1930 more than those of 1929. The increase in the number of textile concerns paying no dividends at all is striking, particularly among firms engaged entirely in spinning or entirely in weaving. Plants performing both operations appear to have shown considerably more ability to compete under the severe conditions which have developed since 1927.

Table 1.- Dividends paid by 87 German cotton companies

Number and kind of companies	Average percentage dividend paid			Companies paying no dividend		
	1927	1928	1929	1927	1928	1929
	Per cent	Per cent	Per cent	Number	Number	Number
23 Spinner-Weavers	10.4	5.0	3.2	3	9	14
34 Spinners	9.8	6.00	2.5	7	20	27
30 Weavers	7.8	3.1	0.5	15	27	28

The outlook for the textile industry in Germany is also being rendered uncertain by the campaigns now underway to bring about a reduction in prices and wages throughout the country, as this immediately raises the prospect of labor difficulty. Wage reductions have been effected in various mills already, and a number of disputes are now in progress, so it is not impossible that bothersome labor trouble may develop.

The Western German Course Cotton Spinner's Association is preparing to cooperate closer through price conventions, uniform production restrictions and association premiums for exported goods, similar to those in the iron industry.

Czechoslovakia

The cotton textile situation in Czechoslovakia also remained very unsatisfactory throughout January, according to trade reports. It is indicated that incoming orders for the mills are entirely inadequate to keep them occupied at an acceptable level. Reports state that activity has declined in December and January, after a rise in mill operations from 84 per cent of single shift capacity in October to 89 per cent in November following some seasonal pick-up in orders in the fall. Improvement in sales is needed if the downward tendency of mill operations is to be halted.

The less favorable reports from the cotton industry in the past months appear to be at least partially due to the termination of the Czechoslovakian-Hungarian trade treaty on December 15, 1930. Both spinners and weavers claim that business with Hungary is exceedingly difficult to do under present conditions. Labor troubles are also beginning to threaten the industry. Wage disputes and negotiations looking to the reduction of wages are reported going on in Czechoslovakia, with prospects that difficulties may develop in some centers. The textile associations have requested that the Government advance the placing of its orders for textile deliveries on state account, in order to assist the industry in bridging over the present period of unsatisfactory conditions.

The difficulties experienced by the industry have also led to revival of interest in the setting up of the spinners' price cartel which was discontinued last autumn after a short period of operation. It is announced that negotiations to this end will be taken up in February, but considerable doubt is expressed as to the likelihood of achieving anything tangible. In this connection, it is recalled that the so-called Central European Export Convention between Czechoslovakia, Austria, Italy and Hungary, which was once planned, has never been realized. It had been expected that this convention would succeed in some regulation of export prices and particularly the extension of credit for sales to the Balkan countries. Failure to come to an agreement is attributed to Italy's refusal to enter the convention because of a desire to retain a free hand in the development of trade relations with the Balkan countries.

Austria

Reports from both the spinning and weaving branches of the cotton textile industry in Austria continue very pessimistic, though some slight improvement in sales to Hungary has been experienced by Austrian mills as a result of the Czechoslovakian-Hungarian tariff difficulty. Austria seems likely to benefit to some extent as long as the two countries continue on a non-treaty basis, though this possibility does not seem to give much encouragement to Austrian textile circles, judging from the pessimism of current reports.

Reports on Austrian textile conditions should always be considered in the light of the fact that the production capacity of the Austrian textile industry has been tending downward in recent years because of the surplus of spindlage in relation to the looms within the country and because of the lack of up-to-date equipment and management in the cloth mills. About a quarter of the looms in place are said to be idle because of inability to make a profit, although consumptive requirements for cloth in Austria far exceed the capacity of the cloth mills, and despite tariff protection that should be adequate. The situation is one calling for radical changes before the Austrian cotton textile industry can be placed on a sound basis.

The annual spinners' report for Austria indicates that 1930 exports of cotton yarn were 40 per cent below those of 1929 and total 1930 sales of cotton yarn 27 per cent below 1929. Total cloth production in 1930 was 30 per cent below 1929. The report indicated the probability of further restriction of domestic production in 1931. On the other hand, it appears that mill stocks of cotton yarn in 1930 averaged about 25 per cent below the average for 1929. This fact would doubtless be reflected promptly in a revival of spinning and weaving mill activity should consumer and trade demand improve in connection with an upward turn in the general business situation.

France

French cotton spinners and weavers reported rather slack business in yarn and fabrics during January, at least when compared with previous months. Unfilled orders appeared reduced and mill activity somewhat curtailed, with further curtailment in prospect in the immediate future. The outlook in France, therefore, is somewhat tinged with pessimism, though current conditions are still satisfactory enough in comparison with the situation in Central Europe.

Reports on the spinning section for the early part of January indicate that the yarn market at Roubaix was very quiet, with sales in Normandy also unsatisfactory, though the latter region felt some slight improvement toward the end of the month. Mill activity was slightly reduced in January in both the North and in Normandy, as well as in some of the eastern regions, and will apparently be further reduced during February. In Normandy and in the Vosges, the organized stoppage amounts to 8-12 hours a week and is somewhat more in the North. The stoppage has made it possible to do away with some of the second shifts, however, and, in this way, is tending to prevent unsound accumulation of yarn stocks.

New business of the French cloth mills was also very quiet throughout January, with some pick-up toward the end of the month as a result of a somewhat improved export position based on better reports from Algeria and other Africa. Madagascar and Indo-China remained unsatisfactory buyers. Generally speaking, the weaving situation in France seems to be slightly improved over December as far as new business is concerned, but activity was slightly reduced, with the Rouen cloth mills having organized a stoppage of 12 hours a week.

Spinner demand for raw cotton, as well as French trade demand remained rather quiet through the month, with some improvement toward the end because of the rise in the raw market. Around the middle of the month, it was reported that spinners were giving preference to Indian cotton for new purchases. Price-fixing toward the end of the month, stimulated by slightly rising raw cotton quotations, assumed somewhat larger proportions.

Italy

No significant changes have occurred in the Italian cotton mill situation during the last month or two, with spinning mill activity about unchanged at around 70 per cent of capacity or about 25 per cent below levels at the same time in 1929 and 1928, and with weaving mill activity about 20 per cent below those years.

New sales of cotton yarn remain somewhat below the current level of production, but the deficiency is smaller than at the same time last year. Yarn stocks are still about 30 per cent above last year and unfilled orders on hand in the spinning mills much below levels at the same time in 1930. Spinners supplies of raw cotton and contracts on hand are still small and merchant and spinner demand for spot and c.i.f., cotton has been rather quiet, but the continued improvement in prices is now causing increased buying and price fixing.

The active wage reduction campaign going on in Italy has also affected the cotton industry, as the wage reduction of 8 per cent as of December 1 applied to all Italian industries.

Belgium

Belgium spinners and weavers also continue to report unsatisfactory conditions in respect to new business and mill activity. Stoppage is reported to average 25-50 per cent of capacity. Spinning activity, however, is being better sustained than weaving activity as the weaving mills have not only suffered from the general economic crisis but have also lost much of their export business, notably to South America and the Near East.

Holland

The cotton situation in Holland still seems well sustained on the whole, but, in view of the reduced orders in weaving mills, it appears that conditions may grow worse for spinners, and general curtailment may occur.

The report of the Dutch spinning and weaving mills to the International Federation at Manchester for the fourth quarter of 1930 states that the demand experienced in the spinning section proved small, and that spinners find it difficult to dispose of their production. A little short-

time is observed in some of the mills, but most of them are still able to sell full or nearly full output, though with difficulties, and only at price sacrifices. The weaving mills are also in a worse situation than in the third quarter of 1930, with export mills finding it very difficult to sell their output, and having in many cases reduced production. Unfilled orders on hand in the weaving mills, for export as well as for the domestic market, are reported much smaller than last year. Activity of the cloth mills working for the domestic market is reported considerably reduced or about 20 per cent below normal operation.

Poland

Reports on January textile developments in Poland are still lacking, but the situation is not thought to have undergone material change since December, though probably continuing the less favorable tendency.

Polish spinners' sales of cotton yarn during December were smaller than actual production, and yarn stocks consequently increased again. In January sales were about equal to production with stocks unchanged. The demand for finished goods has not proved equal to expectations, and the mills again reported the accumulation of considerable stocks, especially of winter goods which may prove difficult to dispose of during the remainder of the season. On the other hand, the wholesale and retail trades are reported to have hardly any stocks, which balances, at least to some extent, the increase observed at the mills. As the spinners trust practically ceased to exist on December 31, 1930, because of the failure to obtain adherence to the agreement by a sufficient number of spindles, the control of production exercised by that body has been lost, a fact which may have quite an unfavorable effect upon Polish cotton textile conditions, at least for a time. It is regarded as not unlikely, however, that forced reorganization of the trust will be brought about through a policy of over-production and depression of the market by the large and financially stronger mills, whose owners are indicated to be desirous of bringing the smaller units into the agreement.

Soviet Russia

The Russian cotton textile industry showed a large increase in activity during the last three months of 1930, with a reported total production of 723,963,000 yards of cotton cloth or about 143 per cent more than in the preceding three months, when the output was sharply curtailed as a result of raw material shortage. Production during these three months (October - December), however, was still below the output of 786,298,000 yards in the corresponding months last year and the production of 762,239,000 yards two years ago. Mill activity appears to be returning to normal, as the new crop of cotton is becoming available. Shipments of cotton from the producing regions to the cotton mills are now reported fully up to plan and even somewhat above the plan since the beginning of the new procuring campaign.

China

Japanese mills in China continue to be sold out well forward and although new cotton business at present is very quiet and American supplies are quite large, importers feel that Japanese mills will be in the market again and that the monthly rate of consumption of fully 20,000 bales of American cotton will be maintained for this crop year. Chinese mills report slow yarn business and some accumulation of stocks according to a cable from Agricultural Commissioner Nyhus at Shanghai. The mills, however, are still running at full capacity with the expectation of an improvement in business at the beginning of the Chinese new year, February 17. A consolidated tax on cotton yarn which is to be collected at the mills went into effect February 1. This tax was to take the place of various internal transit duties which were in effect up to that time. The administration of the tax is a source of great disturbance. The tax on yarns below 23 counts at the present rate of exchange is about $1.75 per bale of 400 pounds or a little over 0.4 cent per pound and for counts above 23 is $2.38 per bale or 0.6 cent per pound.

Prices of Chinese cotton have continued to advance during the past month, largely due to the lower silver exchange and the expectation of a shortage in the supplies of Chinese cotton. The price advances in India combined with the lower silver exchange makes it no longer possible for Indian cotton to be delivered in China at prices below Chinese cotton and as a result some orders for Indian cotton have been canceled and exports for the week ended February 12 from India to Japan and China were less than 1,000 bales compared with 63,000 bales during the corresponding week last year. The unprecedentedly low exchange has brought about relatively high prices for American cotton and without corresponding advances of high count yarns the consumption of American cotton may be curtailed.

Japan

The Japanese mills are still operating under the agreement to restrict output which calls for a nominal curtailment of about 34 per cent or an actual curtailment of about 30 per cent, according to Consul Dickover at Kobe. This curtailment has brought about an artificial scarcity of yarns and as a result yarn prices are unnaturally high. Independent weavers are complaining and there is some importation of cheaper Chinese yarns. These and other factors are expected to result in a change in the actual curtailment to about 26.5 per cent to become effective April 1, 1931 and a further removal of the restriction effective July 1, 1931. Yarn production in January amounted to about 80.3 million pounds compared with 84.4 million pounds in December. Exports of cotton cloth during January totaled 124.0 million square yards or about 4.0 million yards below December.

Consumption of American cotton in Japan during the last four months of 1930 amounted to about 74,000 bales monthly, but several conditions favor a monthly consumption of at least 80,000 bales for the balance of the crop year ending August 30, 1931. The parity between American and Indian cotton prices favors the use of American and therefore the mills will probably use more than the usual percentage of American cotton in mixtures for medium count yarns. The more profitable prices for medium count yarns than for coarse yarns is another factor favoring the consumption of American cotton. The consumption of American cotton for the crop year is estimated at about 1,000,000 bales. Mills continue to import American cotton on a hand to mouth basis and January

imports of American, which totaled about 98,000 bales, were only slightly more than the estimated consumption. Arrivals of Indian cotton have been more liberal, but there is a scarcity of both Indian and American spot cotton. The visible stocks of American cotton at the end of January totaled about 124,000 bales compared with 208,000 bales last year and 260,000 bales at the end of January, 1929 and the visible stocks of all cotton are similarly low.

Production, acreage and crop condition reports

United States

Production - Ginnings of domestic cotton prior to January 16, 1931 amounted to 13,592,000 running bales compared with 14,177,000 to the same date in 1930 according to the Bureau of the Census. Ginnings therefore, so far this season were 95.9 per cent of the ginnings to the same date last year. The estimated production this season of 14,243,000 bales is 96.1 per cent of the final estimate for the 1929 crop. The States of Arkansas, Mississippi, Oklahoma, and Tennessee showed the greatest decreases in ginnings this year as compared with last year. In South Carolina, Georgia, and Alabama, the ginnings were considerably above last season.

Quality of the crop - The quality of the 1930 crop is still running considerably better than the 1929 crop. The percentage of the crop ginned prior to January 16 which was untenderable in staple (under 7/8 inch) amounted to 12.8 compared with 19.3 last season. There was a smaller proportion of cotton 1-1/8 inches and longer in staple this year than last, about the same percentage of 7/8 to 29/32, but a considerably larger proportion of 15/16 to 1-1/32 inches. The grade of the 1930 crop has also been running better than that of the 1929 crop which was largely due to the more open weather conditions this year.

India

Cotton production for India for the 1930-31 season is forecast at 4,047,000 bales of 478 pounds net according to a cable received by the Bureau of Agricultural Economics on February 18 from the Indian Department of Statistics at Calcutta. This is about 98 per cent of the revised estimate at the same date last season, and about 92 per cent of the final estimate for last year. Acreage planted to cotton this season is now estimated at 23,531,000 acres, or 94 per cent of the revised estimate of the same date last season and 92 per cent of the final acreage estimate.

The production of cotton in the Provinces of Punjab and Madras, India, was estimated on February 11 at 627,000 bales of 478 pounds net and 351,000 bales, respectively. This is a decrease of 32,000 bales or 5 per cent under the final estimate of the crop in Punjab last season and 23,000 bales or 4 per cent under the estimate at this time last year. Since 1920 the crop in Punjab has been about 13 per cent of the total Indian crop with a range of from 7 per cent to 16 per cent.

There is a decrease in Madras of 75,000 bales or 18 per cent under the final estimate of last season and 78,000 bales less than the estimate at this same date last year. For the past ten years the production in Madras has been about 9 per cent of the total crop with a range of from 8 per cent to 10 per cent.

Egypt

It is estimated that 1,106,000 bales of 478 pounds net were ginned in Egypt up to February 1 according to a cable received from the International Institute of Agriculture at Rome. This is a decrease of 139,000 bales or 11 per cent from the ginnings to the same date last season and is 213,000 bales or 16 per cent below that ginned up to February 1, 1929. The latest estimated production for the 1930-31 crop, however, was only 1.6 per cent below the 1929 production and is slightly above the 1928-29 crop. This would seem to indicate that the production forecast is too high or a considerable portion of the crop is being left in the field because of the low prices. Of the total ginnings to February 1 this year 270,000 bales were of the Sakellaridis variety. This is 103,000 bales or 28 per cent less than the ginnings to the same date last year and 140,000 bales or 34 per cent less than ginned by February 1, two years ago.

Miscellaneous news

Cotton price investigation

The joint resolution S. J. Res. 195 by Senator Sheppard which passed the Senate in December, 1930 and was sent to the House Committee was approved by that committee in the last week in January. This resolution, it will be remembered, provides for the authorization of the Secretary of Agriculture through the Grain Futures Administration to investigate the cause of the declines in the price of cotton in 1926, 1927, 1928, 1929, 1930 and provides for an appropriation of $125,000 for the investigation.

New uses propaganda

An exhibit illustrating the new uses activities of the Cotton Textile Institute has already traveled more than 5,300 miles throughout Europe and on January 31 was on the way to Egypt to be displayed by the Royal Agricultural Society during February, according to the Cotton Trade Journal, January 31, 1931. From Egypt the exhibit will go to Switzerland. In England and Germany according to the report organized promotional activities have taken place following the display of the exhibit.

According to the press the women students of the University of Missouri have adopted a resolution favoring spring wardrobes, including stockings, of cotton.

Egyptian Government cotton policy

Egyptian spinners meeting in Cairo recommended that the Egyptian Government sell each day a fixed quantity of the cotton which it now holds, according to a cable received from P. K. Norris, cotton specialist of the Bureau of Agricultural Economics at Cairo. They further recommend that this quantity be sold regardless of price and that the sales begin at the close of the present season.

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1 - Summary . . . . . 1 - 2
2 - Prices . . . . . 2 - 4
3 - Stocks and movements . . . . . 4 - 5
4 - Textile situation . . . . . 5 - 7
5 - Europe. . . . . 7 -13
6 - China 14
7 - Japan . . . . . .14 -15
8 - Production, acreage and crop condition reports. . . . . .15 -16
9 - Miscellaneous news. 16

TABLES

1 - Dividends paid by 87 German cotton companies 9

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